PRESCRIPTIVE AND RESEARCH-BASED APPROACHES TO NONPROFIT BOARDS: LINKING PARALLEL UNIVERSES

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**Introduction**

This paper posits that the realm of prescriptive writing about how to make the boards of directors of nonprofit organizations more effective and the realm of empirical research on why such boards behave as they do seem to exist in nearly parallel universes. For the past 25 years, there has been a steady outpouring of books, articles, websites and workshops aimed at telling those who manage boards how to do it better. Over the same period, there has also appeared a much smaller body of literature reporting on empirical research into why boards actually behave as they do and the extent to which this behavior affects the performance of the organization. With a few notable exceptions, the prescriptive literature blithely ignores the empirical literature and vice versa.

This paper will attempt to:

(a) Review the highlights of a representative sample of the empirical literature pointing out where it supports, contradicts or diverges entirely from the prescriptive literature.¹

(b) Speculate on the reasons for the divide between research and prescriptive writings and implications of this situation for the future of both prescriptive work and empirical research.

**Conceptual Framework**

In order to make the comparisons between these two bodies of literature, it is necessary first to present a single conceptual framework that allows us to talk about them in the same language. The framework offered here begins by categorizing those aspects of a board’s governance function that could conceivably come under the direct control of those that influence boards such as the organization’s CEO, board officers and members since all prescriptive literature is addressed to these people. Other sets of variables that

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¹ There is not the space here to present a full overview of all the “how-to” literature on boards. For example, Amazon.com currently lists 53 items under the heading “nonprofit boards of directors”. A few recent examples of these writings are Alberta Community Development (1999), Block (1998), Carver (1997), Light (2001), Masaoka (2003), Robinson (2001), Scott (2000) and Widmer and Houchin, (2000). There are also numerous online sources. For a list of the best of them, see the Voluntary Sector Knowledge Network (http://www.vskn.ca/lead/gov.htm).
could intervene to influence the impact of the “controllable” variables must also be identified since these are the concern of empirical researchers.

The implicit logic model of most of the prescriptive literature on nonprofit boards is a follows:

Fig. 1 Implicit Logic Model of the Determinants of Board Effectiveness in the Prescriptive Literature

The main elements of the governing process can be grouped under four headings:

1. The board’s roles and responsibilities (as distinct from those of the organization’s CEO (if any), staff or volunteers). This refers to the aspects of the organization’s functioning that the board will attend to and the role it plays in doing so.

   Prescriptions on what these should be and how the board should carry them out arise here.

2. The board’s structures and operating procedures. This refers to such questions as how large the board should be, what offices and committees it should have, meeting rules, agenda setting practices, etc.

3. The composition of the board. This refers to how board members are selected, trained and terminated and the overall make up of the board in terms of various background characteristics of members.

4. The nature of the board’s informal culture including the leadership style of its most influential members such as the Chair, CEO and others. This refers to usually unspoken, taken-for-granted, beliefs about how the board should operate.

The assumption of the normative literature is that, when these elements are configured in various ways, they strongly influence the nature of the board’s decisions in
areas such as strategic planning, fund raising, operational policies, evaluation, etc. These decisions in turn have a major influence on the performance of the organization as a whole in its efforts to achieve its mission.

From the point of view of empirical researchers trying to understand why boards behave as they do, there is the realization that the variables embodied in the four elements of the governing process, while possibly of importance, are themselves influenced by forces that affect how those with direct control over the board exert that control. They are also interested in what factors may intervene between the elements of the process and the board’s decisions and between those and the organization’s performance. See figure 2.

*Figure 2*

*Implicit Logic Model of the Determinants of Board Effectiveness in the Empirical Literature*

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As we will see, the chief difference between the prescriptive and research-based approaches to boards is that the former pays little attention to the not-directly-controllable factors affecting board behavior and its impact. As Renz (2000) has pointed out, even recent “how-to” books that have expressed the belief that there is no “one-best-way” to organize and manage boards, largely fail to offer contingency-based variations on the practices they recommend.
Overview of Board Research

Before reviewing some of the research on boards and discussing its implications for the normative literature, it is necessary to interject two important caveats.

1. It is fully realized that the conclusions of empirical research do not necessarily present universal truths. Research results may be unreliable for several reasons:
   - Much of the research is flawed in its design and execution.
   - The results produced can only be applied to the limited samples of nonprofit organizations on which the research is based.
   - The everlasting debate between those who favor quantitative vs. qualitative methods and between those who represent positivist vs. post-modern research paradigms, means that all research results must be examined critically. In particular, it must be noted that the vast majority of board research comes from a positivistic theoretical base even though it is rarely identified as such.

All that is being suggested here is that, taken together, research into nonprofit governance raises some serious questions about the validity of many of the so-called “best practices” prescribed in the normative literature. Therefore, especially when several empirical studies all come to similar conclusions, it would be wise for the purveyors of the normative models to consider them.

2. It is also realized that the prescriptive literature is not homogenous. There are some significant differences between the approaches of many of the most popular ‘how-to’ writers on governance. The contrast between the positions taken on the “correct” relationship between the board and the CEO as advocated by Carver (1997) and Block (1998) is just one example. These differences will not be explored here, however, as they deserve separate treatment. For our purposes, the point is that it is not easy to assess how well research supports ‘best practices’ when there is still disagreement as to what these are.

The review of research below is grouped into three broad categories:

1. That which is supportive of much of the normative literature;
2. That which raises questions about its validity or contradicts it completely;
3. That which deals with aspects of the functioning of boards or their impact that the prescriptive literature does not address at all.

Supportive Research

The best summarization of the research that supports much of the prescriptive literature on board management has been provided by Herman and Renz (2000). They focus in particular on the link between board practices and (a) perceptions of board effectiveness and (b) organizational performance. While finding some links, they are quick to point out that they do not prove causality and that concepts such as organizational performance are inherently subjective, varying from one stakeholder to another.

Nevertheless, the following practices have been found by more than one research study\(^2\) to be associated with boards that are perceived to be effective. Effective boards are more likely than ineffective boards to:

- Engage in regular and specific efforts at board training and development (Brudney and Murray, 1998; Green and Gresinger, 1996; Herman and Renz, 1997, 2000; Herman, Renz and Heimovics, 1997; Holland and Jackson, 1998; Nobbie and Brudney, 2003; Price, 1963)
- Attempt to clarify the roles and responsibilities of the board vis a vis the CEO and staff/volunteers (Herman and Renz, 2000; Herman, Renz and Heimovics, 1997; Holland and Jackson, 1998).
- Make explicit efforts at developing a strategic plan for the organization (Bradshaw, Murray and Wolpin, 1992; Herman and Renz, 2000; Herman, Renz and Heimovics, 1997; Holland and Jackson, 1998; Siciliano, 1996, 1997).
- Stay focused on priorities (Holland and Jackson, 1998; Harris, 1993).
- Attempt to assess their own performance at regular intervals (Herman and Renz, 1997, 2000; Holland and Jackson, 1998).
- Place emphasis on external relations activities (Herman and Renz, 1997, 2000; Miller, 1988; Middleton, 1988.

\(^2\) A number of other governance practices have been associated with effectiveness by single research reports but these will not be discussed here.
Contradictory Research

The following common recommendations from the normative literature have *not* been supported by empirical research, i.e. research projects have looked for empirical support for these recommended practices and did not find it.

- There is one model of how boards should operate that is best for all boards in all circumstances. The most notable example of this approach is Carver (1997) but most of the “how-to” literature implicitly has a “one-best-way” approach even when they also say there isn’t one. This kind of claim has been negated by the research of Nottie and Brudney (2003), Brudney and Murray (1998), Gill (2002a,b), Herman and Renz (2000); Herman, Renz and Heimovic (1997); Holland and Jackson (1998).

- Boards that get involved in “day-to-day” operations of the organization they govern will be ineffective. In fact, in many instances, particularly in smaller organizations with few or no staff, it is necessary that boards discuss many operational details (Bradshaw, Murray and Wolpin, 1992; Taylor, Chait and Holland, 1996).

- The role of the CEO is to implement broad, general policies determined by the board. The board’s job is to set the mission, vision, and strategic priorities that the CEO will then apply to the operational management of the organization. Research suggests that, in most cases, the CEO is a major influence in determining general policies. It has even found that, “rubber stamp” boards are not uncommon and are not always deleterious to the organization in certain circumstances (Cornforth, 1999; Zald, 1969; Pettigrew and McNulty, 1995).

- Similarly, the board must be the final authority in all matters and the CEO must be subservient to that authority. While this may be correct in a legal sense, in practice, it turns out that the CEO is often the most powerful person in the organization and her/his actions have the greatest influence on organizational effectiveness (Herman and Heimovic, 1991; Murray, Bradshaw and Wolpin, 1992; Cornforth, 1999; Pettigrew and McNulty, 1995).
The board’s interactions with other members of the organization should be minimal and orchestrated solely through the CEO. Unauthorized relationships of this kind are deleterious. Recent research by Salipente et al. (2003) suggests that, to the contrary, informal interactions between board members and staff professionals under certain circumstances may be highly beneficial to the organization.

Structural arrangements, such as the size of the board and the number and nature of board committees, are important determinants of board effectiveness. Boards that are too large or too small or that have too many committees or committees that duplicate the work of the board or staff will be ineffective. These variables were tested and found to be non-significant in the research of Bradshaw and Murray (1992), Herman and Renz, (1997, 1998, 2000, 2002), and Sonnenfeld (2002).

Does the research that fails to support the above “best practices” for boards mean that they are not good practices? Not necessarily. It is more likely that they are not valid for all boards in all situations. Or it may mean that violation of the practices may worsen the performance of a board but conforming to them may not make the board highly effective. Conformity to these practices may move certain boards from “very poor” to “adequate” or “average”. But other changes may have to be made to move them from there into the ranks of top performers.

Research on Variables Not Usually Considered by the Prescriptive Literature

In some ways, the most interesting thing about the research on nonprofit boards is not what it supports or contradicts in the prescriptive literature, but how it identifies influences not even addressed by that literature. The research noted below is presented in two clusters: that which focuses solely on elements of the governing process not previously included in the “how-to” approach (see Fig. 1) and that which focuses on intervening variables that affect the relationships between those elements and their impact on the board’s decisions and the organization’s performance (see Fig. 2).

“Elements of governance” research

Roles and responsibilities. While the normative literature emphasizes the importance of clear distinctions between the roles and responsibilities of the CEO and the
board, empirical research has just begun to dig beneath the surface, looking at the “backstage” interactions between the two. More and more, it is becoming clear that the knowledge, influence and networking connections provided informally by individual board members to the CEO and other top managers may be as important, or more so, than the decisions made by the whole board at its official meetings (Salipente et al, 2003, Middleton, 1988, Herman and Renz, 1998). Of course, these same informal relationships may also be detrimental to the organization when they result in a loss of authority by the CEO or confused reporting relationships. Further research is clearly necessary to find out more about the conditions under which they work effectively and ineffectively.

While the research of Herman and his colleagues has vividly revealed the great importance of the role of the CEO in shaping board performance, much less has been done on the impact of the way Board Chairs play their role. The prescriptive literature has not neglected to emphasize its importance, but what is missing is how the CEO and Board Chair roles combine in different patterns and the effect of these patterns on board performance (Westphal, 1999). All that can be said at this point is that the way the two roles are played in tandem can have considerable effect on the nature of the informal culture developed by most boards (Chait, Holland And Taylor, 1993).

*Structure and operating procedures.* Most of the prescriptive literature has little or nothing to say about the informal relationships between board members themselves, concentrating instead on the importance of formal elements of board structure such as position descriptions, committee terms of reference, etc. The research of Chait, Holland and Taylor (1993), Holland, Leslie and Holzhalb (1993) and Holland and Jackson (1998), on the other hand reveals the importance of the board’s sense of itself as a “team”, i.e. the sense members have that they know and can count on one another. Murray and Bradshaw (1992) go further in reporting research showing that many boards quite naturally evolve an informal “core group” within themselves made up usually of those members who have more time and commitment to contribute to the organization. This research suggests that these core groups were critical factors in getting things done and promoting change. Only a minority of them were seen as deleterious to the organization, but more work clearly needs to be done on the positive and negative aspects of core groups.
Board composition. When it comes to how to chose the best people as board members, the prescriptive literature tends to be somewhat vague, usually urging that needed skills be identified and candidates who possess them be recruited always with an eye to also achieving desired levels of diversity in terms of ethnicity, gender, age, etc. Research on the other hand, has more explicitly looked at such matters as the effects of the gender composition of boards (Bradshaw and Murray, 1996) and the level of commitment to the organization held by members prior to their joining the board (Preston and Brown, 2004). Of even greater interest has been the power and influence in the community held by individual board members (Callen, et al, 2003; Middleton, 1988; Galaskiewicz, 1985; Galaskiewicz and Bielefeld, 1998; Stone, 1991; Zald, 1969). More needs to be learned about the effects of the external power bases of board members on board deliberations and the subsequent influence of the organization in its community.

Board culture. The most striking generalization that emerges from the whole body of research carried out by Chait, Holland, Taylor and their associates is the considerable importance of the unwritten, taken-for-granted culture of the board. Though studying for-profit boards, Sonnenfeld (2002) identifies key aspects of board culture that seem to differentiate high performing from average boards that might well apply to those governing nonprofit organizations. They are: A climate of trust and candor, a willingness to share information openly and on time, a tolerance for members challenging one another’s positions in the discussion of issues, a focus on issues that are strategic in their importance, and a willingness to assess the board’s own performance.

Research on intervening variables in the governance process

This research has the effect of complicating the relatively simple relationships between board behaviors and their impact on the organization that are posited by most of the prescriptive research. It does this in two ways: (a) by raising the question of what, in turn, causes boards to govern in the way they do, and (b) by identifying variables that require the creation of contingency theories of board effectiveness. An example of a contingency-based approach would be: “Boards which restrict their involvement in the organization to major policy decision-making will be effective only in organizations run by a large team of experienced professional managers and will be less effective in organizations with few or no professional managers.”
Most of the research on intervening variables can be categorized into: (a) those studies that look at the impact of variables exogenous to the organization such as the political, economic and social context in which it exists; and (b) those that focus on characteristics of the organization within which the board operates such as its size, mission, sub-sector, etc.

Exogenous intervening variables. Chief among the important contextual variables affecting board behavior is the organization’s pattern of resource dependency. Miller-Millesen (2003), for example, suggests that the more that an organization’s funding is dependent on external sources and the more complex and rapidly changing its environment, the more the board will focus its efforts on boundary spanning activities (enhancing the organization’s reputation among external stakeholders).

In another vein, Seidel and Harlan (1998) found that, in cases where the nonprofit organization was highly dependent on government funding, those that were more effective had boards containing a preponderance of members who had positive reputations in the eyes of the funders and were strongly influenced by the organization’s top management.

A related exogenous variable is that of legitimacy. Those who study the ‘life cycles’ of organizations maintain that they grow or decline depending on how well they are accepted as ‘legitimate’ by powerful external stakeholders. In the early stages of attempting to survive, organizations require different governance patterns from those at later stages in their life cycle (Wood, 1992; Murray and Bradshaw, 1996).

Finally, dominant values in the sector of society in which the organization exists can have a considerable impact. Miller-Millesen (2003), for example, points out that social values with respect to the importance of ethno-racial diversity held by powerful groups in an organization’s environment can considerably influence the nature and extent of the diversity to be found on its board. Presumably, dominant social values will also influence many of the board’s policy decisions in the organization’s field of interest.

Organizational variables. Probably the richest area containing antecedent and intervening variables affecting board behavior is that which deals with the characteristics of the organization of which the board is a part. For example, Cornforth and Simpson (2002), citing their own research and that of others, note that the size of the organization
is related to the size of its board and the number of committees it has, as well as the extent to which board members are formally recruited and trained. Related to size is the extent to which the organization is professionally managed with, again, the more professionally managed organization being associated with larger boards.

Brown and Iverson (2004), present research which suggests an intriguing linkage between a nonprofit’s “meta strategy” (using Miles and Snow’s (1978) categorizations of “defenders”, “prospectors”, “analyzers” and “reactors”) and the structure of the board. Another important organizational variable is the impact of crises within the organization on board behaviour (Miller-Milleson, 2003), as is the culture of the larger organization (Stone and Wood, 1997; Holland, Leslie and Holzhalb, 1993; Murray, Bradshaw and Wolpin, 1992).

It should be noted that almost all the research on intervening variables has been carried out utilizing methods that provide only associational data, hence researchers all strongly emphasize that causality cannot be inferred from their results. It could be that these variables cause the board behavior or the reverse or that both sets of variables are determined by yet other antecedent influences.

**Conclusions**

*Why the parallel universes?*

It is perhaps not surprising that the prescriptive literature on boards seems not to reflect the insights provided by much of the research-based literature. In this matter, it is not dissimilar to the situation in many areas of the social sciences where the topics of study are of practical importance to working practitioners, whether it be in the fields of business management, child rearing, social policy-making or many others. The problem is that many practitioners want quick, simple and effective answers to their problems. Those who try to respond to their needs (consultants, educators, etc.) quickly come to understand that complex, contingency-based advice that refers to variables the practitioner cannot control in an obvious way are quickly rejected. Hence, they are forced to provide simple approaches based on actions that practitioners will believe they can take and that will work. The result is an endless procession of fads—approaches that
seem appealing and are adopted until they eventually prove to be ineffective (Abrahamson, 1991, 1996; Abrahamson and Fairchild, 1999).

Conversely, those who carry out research are all too often uninterested in designing their work with the needs of practitioners in mind or interpreting its results in terms of its implications for practice. One might think, however, that consultants and others who serve practitioners, but are able to track and understand research, would want to work hard at bridging the divide between the two camps. However, with a few notable exceptions, such as Chait, Holland and Taylor (1993) and Gill (2002a,b), they don’t. This may be because of the above-noted fears of rejection by their clients. It seems unlikely, therefore, that the parallel universes depicted in this paper will come together soon.

**Implications for researchers**

In spite of the considerable amount of research on nonprofit boards that has taken place in the past twenty years, it is still only a drop in the bucket. Much more is needed and it must become more sophisticated and longitudinal to overcome the weaknesses in the design of most of what is currently available. Most important of all, however, is that it needs a coherent theoretical base (Feeney, 1997). Far too much of the existing work is atheoretical and not connected to a coherent body of thinking that can evolve as it is tested and supported or rejected. Finally, more attention needs to be paid to thinking through the implications of research for practice.

**Implications for purveyors of prescriptive aids (books, workshops, web sites, etc.)**

The biggest single change needed from the “how-to” side of the great divide is a move away from offering universal “one-best-way” solutions to the problems of boards. As one who has been actively involved in writing prescriptively and conducting board workshops over the past 20 years, the following points represent for me the only approach that is consistent with an awareness of the insights from research discussed in this paper:

- Always remind boards of their basic legal fiduciary duties and help them review their understanding of what they need to know in order to ensure themselves that the organization is behaving in an ethically and fiscally responsible manner that is consistent with its stated mission.
Help boards understand what strategic management is and what goes into identifying the critical issues that determine the organization’s success or failure. Closely allied with this is the need to help boards understand their responsibility for evaluating the organization’s past performance. This means they must know the logic model that links inputs and outputs to outcomes and assure themselves that they are getting the best possible information on them. This kind of performance reporting, linked with the best estimates of future opportunities and threats, will allow the board to keep focused on the big picture.

As for who should carry out the remaining responsibilities and what structures should exist, these need to evolve to fit the particular configuration of environmental pressures, organizational characteristics, personality characteristics of key players and informal cultural values surrounding the board and management.

As Harris (1993), and Chait, Holland and Taylor (1993) remind us, the key requirements of all those who have responsibility for the success of a nonprofit organization are to:

1. Decide what are the most important issues facing the organization;
2. Identify who has the skills and knowledge needed to address these issues (and acquire such people if they are not already part of the organization);
3. Ensure that they have the clear authority and resources needed to act;
4. Have in place the best possible information systems for tracking progress.

In some organizations, the board that results from this approach will look a lot like that recommended as the universal best model by Carver (1997), while in others it will look like an old fashioned working board that simultaneously engages in operational work and major policy setting. In between can be an almost infinite combination of characteristics that defy easy labeling but that nevertheless work very effectively for the particular situation the organization is in.

Someday, if the researchers and theorists do their job better, it may be possible to come up with a tidy set of board governance patterns that fit a well-understood set of circumstances. This will make the task of advising boards much easier, but, in the
meantime, beyond the basics noted above, board development will remain mostly an art rather than a science.

**References**


